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Attorneys for Payson Water Company

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF PAYSON WATER COMPANY FOR  
APPROVAL OF A WATER  
AUGMENTATION SURCHARGE TARIFF  
(MESA DEL CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0116

IN THE MATTER OF THE NOTICE OF  
FILING OF PAYSON WATER COMPANY'S  
PROPOSED CHANGES TO ITS  
CURTAILMENT TARIFF (MESA DEL  
CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0117

**NOTICE OF FILING**

Payson Water Company, an Arizona public service corporation ("Payson Water" or "the Company"), hereby submits this Notice of Filing in the above-captioned matter. Attached hereto as **Exhibit 1** is a form of post-hearing notice proposed by all the parties. Deadlines in the form notice shall be consistent with the dates issued in the procedural order.

RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of May, 2010.

FENNEMORE CRAIG, P.C.

Arizona Corporation Commission

**DOCKETED**

**MAY 28 2010**

DOCKETED BY

By:

Patrick J. Black

Attorneys for Payson Water Company

1 **ORIGINAL** and 13 copies filed  
2 this 28<sup>th</sup> day of May, 2010, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 **COPY** hand-delivered  
8 this 28<sup>th</sup> day of May, 2010, to:

9 Marc E. Stern, ALJ  
10 Hearing Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

14 Kimberly Ruht, Esq.  
15 Legal Division  
16 Arizona Corporation Commission  
17 1200 West Washington Street  
18 Phoenix, Arizona 85007

19 Steven M. Olea, Director  
20 Utilities Division  
21 Arizona Corporation Commission  
22 1200 West Washington Street  
23 Phoenix, Arizona 85007

24 **COPY** mailed  
25 this 28<sup>th</sup> day of May, 2010, to:

26 Mesa Del Water Committee  
c/o El Caballo Club, Inc.  
8119 Mescalero  
Payson, Arizona 85541

By: Maria San Jose

2318558.1

**Payson Water Company**

# **Exhibit 1**

**PUBLIC NOTICE**  
**PAYSON WATER COMPANY Mesa del Caballo System**  
**DOCKET NOS. W-03514A-10-0116 Water Augmentation Surcharge Tariff**  
**and W-03514A-10-0117 Curtailment Tariff (consolidated)**

**Summary**

On March 31, 2010, Payson Water Company ("PWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for the emergency implementation of a water augmentation surcharge for customers served by its Mesa del Caballo ("MDC") water system due to potential water shortages during the summer season. Concurrently, the Company also filed an application for proposed changes to its Curtailment Tariff for its MDC System, which contains specific requirements as to when water augmentation will be necessary. An evidentiary hearing was held on May 18, 2010.

**This notice is being sent to provide customers more information about the potential size of the water augmentation surcharge based on the amount of water being used.**

**Proposed Water Augmentation Surcharge**

The Company has proposed a water augmentation surcharge intended to collect costs for water augmentations made during the previous month – all pass-through costs. Each charge will be determined by taking the total monthly cost, and pro-rating the surcharge to each specific customer (currently 375) based on that customer's total consumption for the month in which water augmentation is necessary. As currently proposed, those customers who use more water will pay a larger proportionate share of water augmentation costs than those customers who use less water.

If the surcharge had been in effect from between May and September of 2009, when water hauling was necessary to augment water supply, **a typical customer with a median usage of 3,621 gallons per month would have seen an increase of approximately \$16.50 on each monthly bill.** Please note that the Company is NOT seeking recovery of 2009 water hauling expenses.

**EXEMPTION:** Under the Company proposed revisions to the existing Curtailment Tariff, customers who use 4,000 gallons or less per month based on a twelve (12) month rolling average – though still encouraged to reduce water use – will not be subject to mandatory reduction in daily use requirements under Stages 3, 4 and 5. However, all other restrictions during mandatory conservation periods will still apply.

It is difficult to identify how a water augmentation surcharge will affect you, the individual customer, because it will be tied specifically to the amount of water used. However, the following table provides a range of the estimated surcharge costs, based on water usage and the amount of water augmentation necessary, each month. **The last column (100% hauled water) represents a worst-case scenario in the event the Company is required to haul every drop of water to its Mesa del Caballo system from somewhere other than Company wells or water obtained through well sharing agreements. PWC does not anticipate that it will ever be required to haul 100% of water being served to customers in the Mesa del Caballo system.**

### **Surcharge Cost Estimates**

<u>Water Use</u>	<u>25% hauled water</u>	<u>50% hauled water</u>	<u>100% hauled water</u>
2,000 gpd	\$35.72	\$51.60	\$83.36
3,621 gpd	\$51.70	\$80.47	\$137.97
5,000 gpd	\$65.30	\$105.01	\$184.41
10,000 gpd	\$118.36	\$195.08	\$521.24

### **How You Can View Or Obtain a Copy of the Financing Applications**

If you have any questions about these applications, you may contact the Company at Brooke Utilities, P.O. Box 82218, Bakersfield, California 93380.

Copies of the applications are available from PWC by contacting its Call Center at (800) 270-6084 and providing your mailing address and/or email address, and on the Internet via the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function.

### **Arizona Corporation Commission Public Hearing Information**

The Commission held a public hearing on this matter on **May 18, 2010** at 10:00 a.m. at the Commission's offices, 1200 West Washington Street, Room 100, Phoenix, Arizona 85007. Any written public comments may be submitted to the record by mailing a letter referencing Docket Nos. W-03514A-10-0116 and W-03514A-10-0117 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, Arizona 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to [http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf). If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000.

### **About Intervention**

Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. The deadline for filing a written motion to intervene has been extended to \_\_\_\_\_, 2010. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission **no later than \_\_\_\_\_, 2010**. Also send a copy of the motion to PWC or its counsel and to all parties of record. Your motion to intervene must contain the following:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor;
2. A short statement of the proposed intervenor's interest in the proceeding; and
3. A statement certifying that a copy of the Motion to Intervene has been mailed to PWC or its counsel and to all parties of record in the case.

The granting of Motions to Intervene shall be governed by A.A.C. R14-3-105, except that **all Motions to Intervene must be filed on, or before, \_\_\_\_\_, 2010**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information

about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the applications or from filing written comments in the record of the case.

#### **ADA/Equal Access Information**

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, E-mail [sbernal@azcc.gov](mailto:sbernal@azcc.gov), voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.